


**MOUNT WRIGHT IRON MINES**  
COMPANY LIMITED

one month -  
then year to date  
\$ 1.666m on  
owed in  
10% can reach



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**DIRECTORS**

**G. H. COROLIS**

**J. MALLIN**

**JOSEPH E. SPALDING**

**W. L. SHERIDAN**

**D. W. CURRIE**

**CRITON KERASSOTI**

**ROBERT ARCHIBALD**

**OFFICERS**

**G. H. COROLIS**—president

**J. MALLIN**—vice-president

**O. E. SMITH**—secretary-treasurer

**REGISTRAR AND TRANSFER AGENT**

**GUARANTY TRUST COMPANY OF CANADA**

**AUDITORS**

**FISHER, NISKER & COMPANY**

**SOLICITORS**

**CARRICK, O'CONNOR & COUTTS**

**BANKERS**

**CANADIAN IMPERIAL BANK OF COMMERCE**



## THE PRESIDENT'S MESSAGE

Dear Shareholder:

Since the date of my January 20th letter we have continued with our efforts to negotiate contracts in the United Kingdom and Europe for the sale of our anticipated production of iron ore pellets.

The announcement by the British Labor Government that it intends to nationalize the steel industry has had an important effect on the long range plans of the industry and any signing of long term contracts for pellets will be delayed until the nationalization issue is decided. However, whether the steel industry is nationalized or not will make no difference in respect to its ultimate decision with regard to the purchase of pellets. Requirement estimates as to the tonnage of pellets which may be used in the United Kingdom four years from now seem to be increasing and seven million tons would be a conservative figure.

A new cost study was prepared which was necessitated by the acquisition of the Bellechasse property lease. The new study demonstrates that an annual production of 4 million long tons of pellets, as previously stated, is feasible and economical.

Following completion of this new report, important meetings were held in Germany with the principal German steel companies and representatives of Mount Wright and its sales agent, Incontra Limited of Zurich, Switzerland.

As a result of these meetings, we are now being seriously considered as a future source of pellets for the German steel industry.

We plan to continue our sales efforts in the United Kingdom and Europe with the expectation that in the late Fall positive results will be forthcoming.

In Spain, our drilling program suffered unavoidable delays caused by the prolonged negotiating to obtain right-of-way from landowners of adjoining properties. These rights have now been obtained and drilling should commence shortly. The program to be carried out will be as outlined in my letter of April 12th, 1965.

Yours very truly,

G. H. Corolis,  
President.

# AUDITORS' REPORT

To the Shareholders of Mount Wright Iron Mines Company Limited:

We have examined the balance sheet of Mount Wright Iron Mines Company Limited as at December 31, 1964 and the statements of deferred exploration and administrative expenditures and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit present fairly the financial position of the company as at December 31, 1964 and its activities for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fisher, Nisker & Company  
Chartered Accountants.

Toronto, Ontario,  
May 11, 1965.

# Mount Wright Iron Mines Company Limited

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET

As at December 31, 1964

### Assets

#### Current Assets

Cash .....	\$ 5,310.05	
Interest bearing deposit with bank .....	25,000.00	
Sundry advances and deposits .....	9,480.09	\$ 39,790.14
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#### Investments

Common shares of a mining company, not in excess of cost (market value \$29,430.00) .....	\$ 2,700.00	
Investment in Spanish companies (Note 1) .....	116,666.60	119,366.60
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#### Fixed Assets

Mining claims in Mount Wright Area, Province of Quebec, at valuation attributed to 1,000,000 capital shares issued in consideration for claims plus \$4,600.00 paid in cash .....	\$304,600.00	
Mining lease (Note 2) .....	1.00	
Equipment, at nominal value .....	2.00	
Outpost Island, Northwest Territories—mining claims, buildings and equipment, at nominal value .....	2.00	
Leasehold improvements and office furnishings, at cost .....	\$4,572.27	
Less — allowance for depreciation .....	1,607.72	
	2,964.55	307,569.55
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#### Deferred Expenditures

Exploration and administrative expenditures, per statement .....	\$385,793.76	
Incorporation and recapitalization expenses .....	8,978.00	394,771.76
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		<u>\$861,498.05</u>

Approved on behalf of the Board of Directors:

G. H. COROLIS, Director

O. E. SMITH, Director



## Liabilities

### Current Liabilities

Accounts payable ..... \$ 3,649.34

### Shareholders' Equity

#### Capital Stock (Note 3)

Authorized:

5,000,000 shares, par value \$1.00 each

Issued and fully paid:

3,470,000 shares (of which 400,000 shares were issued in 1964 for \$220,000.00 cash) .....

\$3,470,000.00

Less—discount thereon .....

1,952,268.45 \$1,517,731.55

**Contributed surplus**—arising from reduction of the company's capital stock on April 18, 1958 .....

1,367,194.64

\$2,884,926.19

**Deficit**, per statement .....

2,027,077.48 857,848.71

\$861,498.05

The accompanying notes are an integral part of the financial statements.

# Mount Wright Iron Mines Company Limited

## STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1964

### Exploration expenditures— Mount Wright Area, Quebec

Balance, December 31, 1963 ..... \$170,213.62

#### Additions during the year

Government licenses and fees .....	\$ 3,965.14	
Engineers' and consultants' fees and expenses .....	7,054.11	
Feasibility report—fees and expenses ....	8,070.19	
Metallurgical research .....	2,272.64	
Miscellaneous .....	45.07	21,407.15
		<hr/>
		\$191,620.77

### Administrative expenditures

Balance, December 31, 1963 ..... \$132,964.88

#### Additions during the year

##### Head office and corporate:

Office rent, accounting and secretarial fees .....	\$ 2,594.63
Management salary .....	6,000.00
Legal and audit fees .....	9,055.47
Share issue and transfer expenses .....	3,492.97
Annual meeting expenses .....	4,745.72
Shareholders' information, publicity and entertainment expenses .....	1,261.62
Telephone and telegraph .....	2,463.87
Directors' fees .....	300.00
Government fees and taxes .....	256.61
Stock exchange fees and expenses .....	957.47
Depreciation of leasehold improvements and office furnishings .....	691.60
Miscellaneous expense .....	2,196.51
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	\$34,016.47

##### Other administrative expenses:

Officers' and solicitor's travelling expenses in connection with the Spanish companies .....	9,620.98	
Travelling expenses mainly in connection with negotiations for sale of iron ore in the United Kingdom and Europe .....	17,570.66	61,208.11
		<hr/>
		194,172.99

Total deferred expenditures, December 31, 1964 .....

\$385,793.76



**Mount Wright Iron Mines Company Limited**

**STATEMENT OF DEFICIT FOR THE YEAR ENDED  
DECEMBER 31, 1964**

<b>Balance, December 31, 1963</b> .....	\$2,039,511.90
Add — expenses on Outpost Island property .....	124.69
	<u>\$2,039,636.59</u>
Deduct — excess of proceeds from sale of shares of another mining company over written-down value of shares .....	12,559.11
	<u>12,559.11</u>
<b>Balance, December 31, 1964</b> .....	<u><u>\$2,027,077.48</u></u>

# Mount Wright Iron Mines Company Limited

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1964

### Note 1 — Investment in Spanish companies

The company's investment in Spanish companies consists of:

50% interest in "Compania Gallega De Minas S.A."	\$116,124.20
50% interest in "Compania Castellana De Minas S.A."	542.40
	<u>\$116,666.60</u>

- a) Compania Gallega De Minas, S.A. was incorporated on April 7, 1964 with an authorized capital of 60,000 pesetas (\$1,084.80 Canadian). Mount Wright has the right to increase its interest in this company to a maximum of 75% if amendments to Spanish law, removing restrictions on foreign ownership, are passed.

Compania Gallega De Minas, S.A. holds an option to acquire certain mining exploration permits covering lands in Spain, and is carrying on an exploration program on these lands. The program is being managed and financed by Mount Wright Iron Mines Company Limited.

To December 31, 1964, Mount Wright has disbursed the following amounts in connection with the Spanish operations:

1. Payment to obtain option on mining exploration permits for Compania Gallega De Minas, S.A. (Mount Wright is also required to issue 50,000 shares of its capital stock if the option is exercised in whole or in part ..... \$ 23,430.91
  2. Expenditures on exploration in Spain:

Consultants' fees .....	\$16,792.50	
Geologists' surveying fees .....	5,167.00	
Field project manager's salary .....	9,720.00	
Consultants' and geologists' travelling and transportation .....	8,455.28	
Field supplies and miscellaneous .....	1,288.04	
Assays .....	964.24	42,387.06
		<u>42,387.06</u>
  3. Deposits in a Spanish bank to secure bank loans to Compania Gallega De Minas, S.A. .... 43,244.80
  4. Advances to field project manager for field expenses ..... 3,265.80
  5. Advances to Spanish solicitors for expenses and legal fees to incorporate Spanish companies ..... 3,795.63
- \$116,124.20

- b) "Compania Castellana De Minas, S.A." was incorporated on April 7, 1964 with an authorized capital of 60,000 pesetas (\$1,084.80 Canadian).



# Mount Wright Iron Mines Company Limited

## Notes to financial statements (continued)

Compania Castellana De Minas, S.A. holds an option to acquire certain mining concessions and mining exploration permit on lands in Spain.

Compania Castellana De Minas, S.A. has not yet commenced operations.

### Note 2 — Mining lease

The company obtained a sub-lease to November 18, 2034 on fifty-five mining claims in the Mount Wright Area, Province of Quebec.

Under the terms of the sub-lease agreement, the company is required to make the following rental payments (deductible from royalties payable on any future production):

\$ 7,500.00 per annum for the period commencing April 1, 1965 to March 31, 1974

50,000.00 per annum for the period commencing April 1, 1974 for the duration of the lease.

Royalties payable on any future production are as follows:

50¢ per ton of iron concentrates (or less depending upon percentage of recovery, to a minimum of 35¢ per ton)

An overriding royalty of 20¢ per ton of concentrates (to be increased or decreased according to a formula based on the "consumers price index").

The company may terminate the sub-lease upon giving written notice.

For accounting purposes this lease has been recorded at a nominal value of \$1.00.

### Note 3 — Capital stock

- a) Subject to shareholders' approval, the company granted to a director, in consideration of his negotiating the sub-lease agreement referred to in Note 2 above, an option to purchase all or any part of 100,000 shares of capital stock at \$1.00 per share within five years from the date of shareholders' approval.
- b) Subject to shareholders' approval, the company granted a director an option to purchase all or any part of 100,000 shares of capital stock at \$1.00 per share within three years from the date of shareholders' approval. This option was granted in consideration of the director's services in establishing a sales representative for the company in the United Kingdom.

The company also agreed to pay this director a commission of 1¢ per ton on all iron pellets or concentrates sold in the United Kingdom resulting from his efforts and/or that of the United Kingdom sales representative, at any time after the date of the shareholders' approval.

*Archives (Nov)*  
*for deposit (Nov)*



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